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ORIGINAL

MORMON LAKE WATER COMPANY
PO BOX 38012
MORMON LAKE AZ 86038
928-354-2227 EXT 11

57

TO: DOCKET CONTROL

FROM: MORMON LAKE WATER CO - SALLY SWAN

SUBJECT: DOCKET NO W-01472A-07-0208

DATE: 11/26/07

Arizona Corporation Commission
DOCKETED

NOV 27 2007

DOCKETED BY	nr
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AZ CORP COMMISSION
DOCKET CONTROL

2007 NOV 27 P 1:39

RECEIVED

Mormon Lake Water Company
P.O. Box 38012, 1 Main Street
Mormon Lake, Arizona 86038
928-354-2227 ext. 11

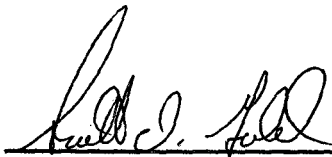
To: Arizona Corporation Commission

November 26, 2007

Re: Docket No. W-01472A-07-0208

Subject: Customer Notification of Recommended Rate, Mormon Lake Water Company.

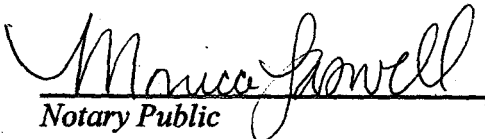
This Letter is to inform the concerned parties at the Arizona Corporation Commission that the Customer Notification letter dated November 23, 2007 of the staff recommended rate and Schedule's CRM 1, 4 & 5 were mailed to the Mormon Lake Water Company customers on November 26, 2007.



Signature

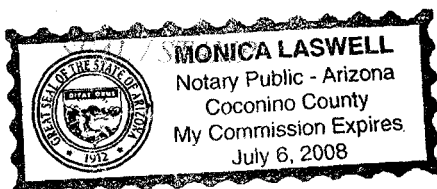
Scott I. Gold
President
Mormon Lake Water Company

11/26/07
Date



Notary Public

11/26/07
Date



Docket NO W-01472A-07-0208

**Mormon Lake Water Company
P.O. Box 38012, 1 Main Street
Mormon Lake, Arizona 86038
928-354-2227 ext. 11**

November 23, 2007

Dear Mormon Lake Water Company Customer,

At the start of summer the Mormon Lake Water Company applied for a water rate increase to be effective on approval by the Arizona Corporation Commission. At that time a notice was sent to all customers including the requested rate increase schedule.

After review of the rate increase request, by the Arizona Corporation Commission, it was determined that the requested rate was not sufficient to cover operating costs associated with the Mormon Lake Water Company operations.

The Arizona Corporation Commission review board recommended a rate that would cover all operating costs.

Attached is the new recommended rate schedule.

If you have any questions please contact us by mail or the phone number above.

Again and as always we truly appreciate and value you, our customer.

Sincerely,



Scott L. Gold

President

Mormon Lake Water Company

DOCKET NO W-01472A-07-0208

Mormon Lake Water Company
Docket No. W-01472A-07-0208
Test Year Ended December 31, 2006

Schedule CRM-1

SUMMARY OF FINDING

	-- Present Rates --		-- Proposed Rates --	
	Company as Filed	Staff as Adjusted	Company as Filed	Staff as Adjusted
Revenues:				
Metered Water Revenue	\$40,062	\$40,062	\$49,426	\$78,362
Unmetered Water Revenue	0	0	0	0
Other Water Revenues	90	90	90	90
Total Operating Revenue	\$40,152	\$40,152	\$49,516	\$78,452
Operating Expenses:				
Operation and Maintenance	\$59,166	\$58,740	\$59,166	\$58,740
Depreciation	6,857	7,547	6,857	7,547
Property & Other Taxes	1,464	1,394	1,464	1,394
Income Tax	0	50	0	2,254
Total Operating Expense	\$67,487	\$67,731	\$67,487	\$69,935
Operating Income/(Loss)	(\$27,335)	(\$7,579)	(\$17,971)	\$8,517
Rate Base O.C.L.D.	\$44,442	\$66,246	\$44,442	\$66,246
Rate of Return - O.C.L.D.	-61.51%	-41.63%	-40.44%	12.86%
Operating Margin	-68.08%	-68.69%	-36.29%	10.86%

Operating Margin represents the proportion of funds available to pay interest and other below the line or non-ratemaking expenses.

DOCKET NO W-01472A-0208

Mormon Lake Water Company
Docket No. W-01472A-07-0208
Test Year Ended December 31, 2006

Schedule CRM-4

Monthly Usage Charge	Present			-Proposed Rates-		
	Rates			Company	Staff	
5/8" x 3/4" Meter	\$18.00	\$23.00	\$34.50			
3/4" Meter	20.00	25.00	51.75			
1" Meter	50.00	65.00	86.25			
1 1/2" Meter	100.00	125.00	172.50			
2" Meter	150.00	190.00	276.00			
3" Meter	200.00	255.00	517.50			
4" Meter	300.00	385.00	862.50			
6" Meter	400.00	510.00	1,172.50			
Gallons Included In Minimum	0	0	0			
Excess of Minimum - per 1,000 Gallons						
All meter sizes						
Tier One zero gallons to 2,000 gallons	3.25	3.58	n/a			
Tier Two from 2,001 gallons to 14,000 gallons	4.50	4.95	n/a			
Tier Three all gallons over 14,000 gallons	6.00	6.60	n/a			
5/8 x 3/4 inch and 3/4 inch meters						
Tier one zero gallons to 4,000	n/a	n/a	\$ 7.15			
Tier Two from 4,001 gallon to 7,000 gallons	n/a	n/a	10.73			
Tier Three all gallon over 7,000 gallons	n/a	n/a	12.87			
One inch meter						
Tier one zero gallons to 4,000	n/a	n/a	10.73			
Tier Two all gallons over 4,000 gallons	n/a	n/a	12.87			
One and one half inch meter						
Tier one zero gallons to 4,000	n/a	n/a	10.73			
Tier Two all gallons over 4,000 gallons	n/a	n/a	12.87			
Two inch meter						
Tier one zero gallons to 4,000	n/a	n/a	10.73			
Tier Two all gallons over 4,000 gallons	n/a	n/a	12.87			
Three inch meter						
Tier one zero gallons to 4,000	n/a	n/a	10.73			
Tier Two all gallons over 4,000 gallons	n/a	n/a	12.87			
Four inch meter						
Tier one zero gallons to 4,000	n/a	n/a	10.73			
Tier Two all gallons over 4,000 gallons	n/a	n/a	12.87			
Six inch meter						
Tier one zero gallons to 4,000	n/a	n/a	10.73			
Tier Two all gallons over 4,000 gallons	n/a	n/a	12.87			
Service Line and Meter Installation Charges						
5/8" x 3/4" Meter	\$400.00	\$400.00	\$400.00			
3/4" Meter	400.00	400.00	400.00			
1" Meter	500.00	500.00	500.00			
1 1/2" Meter	715.00	715.00	715.00			
2" Meter	1,170.00	1,170.00	1,170.00			
3" Meter	1,585.00	1,585.00	1,585.00			
4" Meter	2,540.00	2,540.00	2,540.00			
6" Meter	4,815.00	4,815.00	4,815.00			
Service Charges						
Establishment	\$30.00	\$40.00	\$40.00			
Establishment (After Hours)	50.00	60.00	60.00			
Reconnection (Delinquent)	50.00	60.00	60.00			
Reconnection (Delinquent) after hours	75.00	85.00	85.00			
Meter Test (If Correct)	35.00	45.00	45.00			
Deposit	6.00%	6.00%	6.00%			
Deposit Interest	..	..	..
Re-Establishment (Within 12 Months)	15.00	25.00	25.00			
NSF Check	0.00%	0.00%	0.00%			
Deferred Payment	6.00	10.00	10.00			
Meter Re-Read (If Correct)	..	..	..
Late Fee	..	..	..
Monthly Service Charge for Fire Sprinkler						
4" or Smaller	....	....	....
6"	....	....	....
8"	....	....	....
10"	....	....	....
Larger than 10"	....	....	....

Per Commission Rules (R14-2-403.B)
Months off system times the minimum (R14-2-403.D)
1.50 percent per month on the unpaid balance.
1.00% of Monthly Minimum for a Comparable Sized Meter Connection,
but no less than \$5.00 per month. The Service Charge for Fire Sprinklers
is only applicable for service lines separate and distinct from the primary

DOCKET NO W-01472A-07-0208

Mormon Lake Water Company
Docket No. W-1472A-07-0208
Test Year Ended December 31, 2006

CRM-Schedule 5

ETHICAL BILL ANALYSIS

General Service 5-8 x 3-4 - Inch Meter

Average Number of Customers: 143

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	1,116	\$21.63	\$23.41	\$1.78	8.2%
Median Usage	N/A	N/A	N/A	N/A	N/A

Staff Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	1,116	\$21.63	\$42.48	\$20.85	96.4%
Median Usage	N/A	N/A	N/A	N/A	N/A

Present & Proposed Rates (Without Taxes) General Service 5-8 x 3-4 - Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Proposed Rates	% Increase
0	\$18.00	\$23.00	27.8%	\$34.50	91.7%
1,000	21.25	23.00	8.2%	41.85	96.0%
2,000	24.50	26.58	8.5%	48.80	99.2%
3,000	29.00	31.53	8.7%	55.95	92.9%
4,000	33.50	36.48	8.9%	63.10	88.4%
5,000	38.00	41.43	9.0%	73.83	94.3%
6,000	42.50	46.38	9.1%	84.56	99.0%
7,000	47.00	51.33	9.2%	95.29	102.7%
8,000	51.50	56.28	9.3%	108.16	110.0%
9,000	56.00	61.23	9.3%	121.03	116.1%
10,000	60.50	66.18	9.4%	133.90	121.3%
15,000	84.50	92.58	9.6%	198.25	134.6%
20,000	114.50	125.58	9.7%	262.60	129.3%
25,000	144.50	158.58	9.7%	326.95	126.3%
50,000	294.50	323.58	9.9%	648.70	120.3%
75,000	444.50	488.58	9.9%	970.45	118.3%
100,000	594.50	653.58	9.9%	1,292.20	117.4%
125,000	744.50	818.58	10.0%	1,613.95	116.8%
150,000	894.50	983.58	10.0%	1,935.70	116.4%
175,000	1,044.50	1,148.58	10.0%	2,257.45	116.1%
200,000	1,194.50	1,313.58	10.0%	2,579.20	115.9%